

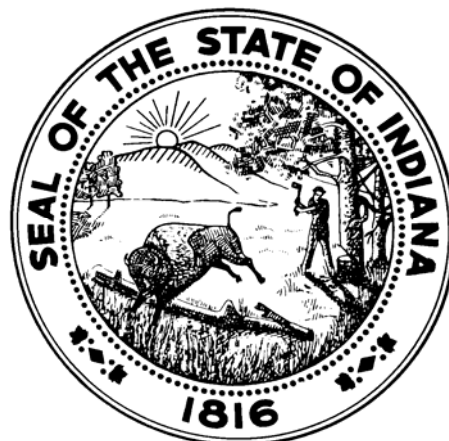
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

REVIEW REPORT

OF

INDIANA GAMING COMMISSION

December 1, 2004 to January 31, 2007



**FILED**  
05/31/2007



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#### AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Glenn Lawrence	10-26-02 to 01-09-05
	Jennifer Byrd Arnold (De Facto Interim)	01-10-05 to 01-16-05
	Ernest Yelton	01-17-05 to 01-11-09
Chairman	Donald Vowels	09-01-97 to 03-17-05
	Harold Calloway	03-17-05 to 07-07-06
	Vacant	07-08-06 to 07-17-06
	William Barrett	07-18-06 to 09-01-07



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA GAMING COMMISSION

We have reviewed the receipts, disbursements, and assets of the Indiana Gaming Commission for the period of December 1, 2004 to January 31, 2007. The Indiana Gaming Commission's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana Gaming Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

March 7, 2007

INDIANA GAMING COMMISSION  
REVIEW COMMENTS  
JANUARY 31, 2007

SPECIAL DISBURSEMENT OFFICER ACCOUNT

Checking Account Register

The Indiana Gaming Commission did not properly maintain its Special Disbursement Officer (SDO) checking account register. We found that the checking account register did not contain a cumulative balance of the funds held in the checking account from June 2005 through February 2007.

Each agency is responsible for maintaining an effective and accurate accounting system for subsidiary and supplementary records. At all times, the agency's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank or Auditor's balance should agree. If reconciled bank or Auditor's balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

Reconciliations

During our review of the Indiana Gaming Commission, we found that both of the monthly Special Disbursement Officer reconciliations were not properly prepared. Because the check register does not contain a cumulative balance of the funds held in the account, it cannot be determined if the bank statement and check register reconcile. Also, the outstanding check list on the checking account reconciliations contained checks that had previously cleared the bank. The reconciliations of the SDO advance to the check register contained a line item with an unaccounted for dollar amount. Also, the reconciliations should be reviewed by staff independent of the functions of preparing checks or maintaining the check register.

At least monthly, two reconciliations must be performed for the SDO fund. As for any checking account, the bank statement balance must be reconciled to the check register balance. The other reconciliation accounts for the total SDO advance. The SDO advance is reconciled to the check register balance. The best control is provided when the reconciliation is prepared or reviewed by staff independent of the functions of preparing checks or maintaining the check register. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

Each agency is responsible for maintaining an effective and accurate accounting system for subsidiary and supplementary records. At all times, the agency's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank or Auditor's balance should agree. If reconciled bank or Auditor's balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

DAILY DEPOSITS

The Indiana Gaming Commission did not consistently deposit receipts within the following business day.

Indiana Code 5-13-6-1(b) states in part: "... all public funds ... shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

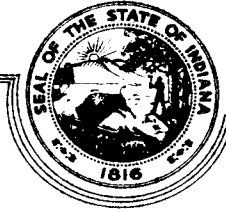
INDIANA GAMING COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on May 10, 2007, with Ernest Yelton, Executive Director; Jennifer Byrd Arnold, Deputy Director; Philip Sicuso, General Counsel; and Kendra Nigg, Controller. The official response has been made a part of this report and may be found on page 6.

A copy of the report was provided on May 10, 2007, to Glenn Lawrence, former Executive Director.

**INDIANA GAMING COMMISSION**

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115 W. WASHINGTON STREET  
INDIANAPOLIS, IN 46204-3408



**Ernest E. Yelton**  
*Executive Director*

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May 10, 2007

Mr. Bruce A. Hartman  
State Examiner  
Indiana State Board of Accounts  
302 West Washington Street, Room E418  
Indianapolis, Indiana 46204

Dear Mr. Hartman:

I am writing to assure you that my staff will take immediate action to correct the issues mentioned on the review comments page of the Review Report for the period of December 1, 2004 to January 31, 2007.

The use of the special disbursement officer account has been substantially reduced through the utilization of the PeopleSoft financial management system. The SDO officer will properly maintain the checking account register and complete the monthly reconciliations in a timely manner. We have already assigned an individual not under the control of the Controller's Department to verify the reconciliation on a monthly basis.

It appears the July 2006 addition of the Charity Gaming division has impacted the reporting of our daily deposits. Our internal workflow for processing receipts will be reviewed and modified to guarantee the funds received by all divisions are deposited at the State Treasurer's office in the timeframe required by IC 5-13-6-1(b).

Sincerely,

A handwritten signature in dark ink, appearing to read "Ernest E. Yelton", written over a large, stylized loop.

Ernest E. Yelton  
Executive Director

EEY/kjn